DOCUMENT RESUME

ED 282 685 RC 016 253

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TITLE	Rural Policy Formulation in the United States.
INSTITUTION	Economic Research Service (DOA), Washington, DC. Agriculture and Rural Economics Div.
REPORT NO	AGES870203
PUB DATE	Apr 87
NOTE	42p.
PUB TYPE	Information Analyses (070)
EDRS PRICE	MF01/PC02 Plus Postage.
DESCRIPTORS	Agency Cooperation; Agriculture; Coordination; Decentralization; Economic Factors; Federal Government; Federal Programs; Government Role; Information Sources; *Institutional Role; Legislators; Local Government; Low Income Counties; Manufacturing Industry; *Participant Characteristics; *Policy Formation; *Political Influences; Presidents of the United States; Public Policy; Regional Planning; Retirement; *Rural Development; *Rural Economics; Social Influences; State Programs
IDENTIFIERS	Media Role; *Special Interest Groups

ABSTRACT

The major participants in the formation of policy and programs for rural areas include agricultural interest groups, nonfarm groups, certain legislators, and--less directly--the media. Policy is developed in many institutional arenas: the local community and state governments, the Department of Agriculture, the White House, and the Congress and its committees. Rural policy formation is affected by larger public policy and economic forces such as the national trend toward decentralization, a declining role for government, and the rapid internationalization of the American economy. Policy makers can use many sources of raw and interpreted information ranging from statistics analyzed and compiled by the Bureau of Census to academic research, special interest groups, media reports, and the Cooperative Extension Service. Finding better information and making better use of the information available are regular themes in discussions of the policy formulation process and deserve regular examination. Policy coordination and integration is a persistent rural policy issue. Coordination, regardless of its intuitive appeal and real value, can be accomplished only at the cost of diminished freedom of action for some. Historically, and particularly at this moment, coordination is less valued than highly decentralized institutions and jurisdictions each serving relatively narrow clienteles. (JHZ)

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Division

Rural Policy Formulation in the United States

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RC016253

RURAL POLICY FORMULATION IN THE UNITED STATES, by Richard W. Long, J. Norman Reid, and Kenneth L. Deavers, Agriculture and Rural Economics Division, Economic Research Service, U.S. Department of Agriculture. ERS Staff Report No. AGES870203.

ABSTRACT

This description of the U.S. rural policy formulation process summarizes the policy context by reviewing rural conditions, governmental programs, and assessments of those programs. Institutional arenas of policymaking at every level of government are discussed. Recent economic trends and political developments which shape policy are reviewed, and the formal policies and strategies which have been adopted at various times by the Federal Government are described. The information needed for policymaking and how it is used and mechanisms by which policymaking and rural program administration are coordinated are also explored.

Keywords: Rural development policy, policymaking, agenda, development programs, development strategy.

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April 1987

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SUMMARY

The rural revival of the 1970's has ended. While there is always a mix of prospering and declining communities in the vast rural territory, a plurality is again declining. Four categories of rural counties, each with different economic bases, illustrate economic conditions during the current recovery. They are counties heavily dependent on farming, manufacturing, the relocation of retired people, and public assistance (the persistent low-income counties).

The Federal Government has operated a changing mix of programs aimed at helping rural areas for many years. Agricultural programs, multi-State and sub-State regional development programs, and special programs for small communities, in addition to national programs available in rural as well as urban areas, seem to serve many, sometimes inconsistent, goals. Together with State and local programs to encourage development, help people enter (and leave) farming, and generally improve the quality of rural life, these programs are the implementation mechanisms for rural policy. While such programs have waxed and waned over time, there is no agreed assessment of what they were intended to accomplish or just what their effects have been.

The major participants in the formation of policy and program enactments for rural areas include agricultural interest groups, nonfarm groups, certain legislators, and, less directly, the media. Policy and programs are conceived, developed, and launched in many institutional arenas. These include the local community and State governments; and, at the national level, the Department of Agriculture, the White House, the Congress, and its committees. These arenas overlap in many important respects. Some actors participate only in certain arenas and those who participate in more often enjoy varying degrees of success in alternative arenas.

The rural policy formulation process is affected by many larger public policy and economic forces as well. These include the national (and in fact worldwide) trend toward decentralization, a declining role for government, and the rapid internationalization of the American economy.

The United States has made some effort to articulate what it is trying to accomplish with its rural programs, but the formal pronouncements of policy have not exactly fitted with its programmatic efforts. The Carter administration rural policy stressed certain goals and emphasized administrative coordination but its announcement coincided with apparently inconsistent budget recommendations and it enjoyed limited success in improving coordination. The Reagan administration's rural strategies, on the other hand, applied the President's overall philosophy of a minimal role for the Federal Government to rural areas, in a manner consistent with his budget recommendations, but not with congressional actions which continued many programs which his policy does not require.

There are many sources of raw and interpreted information for policymakers in the United States. At the national level, these include statistics compiled or analyzed by the Bureau of Census, the Bureau of Labor Statistics, the Bureau of Economic Analysis, the National Agricultural Statistics Service, and the Economic Research Service. Private organizations provide many consulting services, and universities support academic research on many questions, in some cases with funding from States or agencies of the Federal Government. Political

institutions also maintain large staffs to examine and digest information from all of these sources. Interest groups and the media contribute to the wealth of information policymakers can draw upon.

Much of the same information can be used by officials at the State and local levels for their own policymaking. In addition, they have special access to land-grant universities, the Cooperative Extension Service, regional planning agencies, and, in larger communities, staffs of their own.

Finding better information and making better use of the information available are regular themes in discussions of the policy formulation process. Yet, information is only one ingredient. It is impossible in a democratic political system to prescribe the respective roles of facts, analysis, political philosophy, and the demands of groups with significant interests in policy questions. Nonetheless, it is a subject worth regular examination.

Policy coordination and integration--the degree to which agencies of the government are working together to accomplish purposes larger than efficient delivery of specific programs--is a persistent rural policy issue. The horizontal dimension includes the history of Federal Government efforts to coordinate disparate programs so that they operate as effectively as possible in peculiarly rural settings. The vertical dimension pertains to the relations between levels of government, each with their respective goals, competencies, and constitutional bases of authority.

Coordination, regardless of its intuitive appeal and real value, can be accomplished only at certain costs, notably diminished freedom of action for some, and infringement on jurisdictional authorities that are held in different degrees of esteem by various people in the United States. Historically, and particularly at this moment, coordination is less valued than highly decentralized institutions and jurisdictions each serving relatively narrow clienteles.

Rural Policy Formulation in the United States

Richard W. Long
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INTRODUCTION

This description of the rural policy formulation process in the United States is based on the U.S. written contribution to the Organization for Economic Cooperation and Development's (OECD) Rural Policy Management Project, Phase II, The Policy Formulation Process. Following guidelines prepared by the OECD Secretariat, the authors described and discussed in that report many aspects of rural policy formulation in the United States. The OECD guidelines were designed to elicit a description that would facilitate comparison of the process in the 16 member countries participating in the project. This report includes most of the information provided to OECD and follows the same basic outline.

The formulation of rural policy, like all public policy, includes at least three conceptual elements. There are political considerations such as group interests and pressures, and ideological preferences. Factual information on the situation or problem and how well particular approaches have worked in the past is a second category. Somewhere between the previous two is a third element, which might be called quasipolitical or quasifactual considerations. These include the operational definitions of a problem and estimates of the outcomes of the policies and programs selected and how they will contribute to the announced goals. The authors have described all aspects of the process as objectively as they are able.

This report follows the premise of the OECD project that not only does better information contribute to better policy, but also that a better understanding of the process itself can help policymakers and others make better choices.

THE CONTEXT FOR POLICY FORMULATION

The rural context includes the overall economic situation and current problems, Federal Government measures to deal with economic problems, and, so far as possible, the results of those programs. How well political actors and institutions understand this context will determine the shape and presumably the success of rural policies. In addition to the interests they represent and the philosophical predispositions they bring to their task, policymakers require a picture of economic conditions and an interpretation of what is happening (a definition of rural problems), knowledge of what has been tried and what is now in place to deal with rural problems, and an assessment of the outcomes of current and previous programs.

Current Social and Economic Conditions in the Rural United States

Nearly one-quarter of America's citizens, over 56 million people in 1984, live in nonmetropolitan counties, an increase of 18.3 percent since 1970 (table 1). Nonmetro counties average over 23,000 in population, but range from a low of 91 (Loving, TX) to a high of 193,000 (San Luis Obispo, CA). They also vary significantly in area; often small population and large area combine, leading to a settlement structure that is of very low density. Many nonmetro counties do not have a single community of sufficient size to achieve important economies of scale in public facilities and administrative services, nor agglomeration economies for the private sector.

Table 1--Metropolitan-nonmetropolitan population change in the United States, 1970-80 and 1980-84

Year and county	Counties	Population		Change	Average county population in 1980
1980-84	Number	---Thousands---		Percent	Number
Nonmetropolitan:					
Total	2,383	56,301	54,428	3.44	22,840
Gaining pop.	1,626	42,193	40,027	5.42	24,615
Losing pop.	752	14,049	14,342	-2.04	19,072
No change	5	59	59	0	11,785
Metropolitan	714	179,857	172,117	4.50	249,391

	Counties	Population		Change	Average county population in 1970
1970-80	Number	---Thousands---		Percent	Number
Nonmetropolitan:					
Total	2,383	54,428	47,586	14.4	19,969
Gaining pop.	1,920	48,767	41,632	17.1	21,683
Losing pop.	462	5,659	5,951	-4.9	12,881
No change	1	3	3	0	2,924
Metropolitan	714	172,117	155,716	10.5	218,090

Note: Metropolitan areas as defined in 1983.
Source: Bureau of the Census. Prepared by Economic Research Service, USDA, Calvin L. Beale, Head, Population Section.

Living in nonmetro America, however, does not necessarily imply social or cultural isolation, nor does it guarantee protection from the vagaries of national business cycles and international shifts in markets and trade. More than 30 years of change in the overall economic structure of rural counties, coupled with improvements in rural infrastructure and changes in transportation and communication technologies, have tied even remote nonmetro areas more closely to national and international events.

There was a striking revival of population growth in nonmetro areas in the seventies (2).1/ The 10-year nonmetro growth rate then exceeded the metro rate by almost 40 percent. This was a turnaround in population growth from a pattern of metro dominance that had existed throughout the 20th century. It did not result from any dramatic shift in fertility. Rather, there was a major change in the net flow of internal migration in favor of small towns and rural areas. As a result, by 1980, between 3.5 and 4 million people who lived in metro areas in the seventies had moved to rural settings.

The post-1980 growth experience of nonmetro areas, however, has been relatively weak. For reasons still not fully understood, the serious recession with which the United States began this decade affected the nonmetro economy more seriously than the metro. There was a greater rise in unemployment rates in nonmetro areas, and recovery from the recession has been much slower. In fact, the unemployment rate in nonmetro areas rose in 1985, moving counter to that for metro areas. As a result, the nonmetro average annual unemployment rate in 1985 was more than 20 percent above the metro rate. In conjunction with the serious underperformance of the rural economy, nonmetro population growth has again receded to a level below that of metro areas (3).

There has been a sustained period of economic and social restructuring affecting rural America, especially since World War II. The overall effect of the changes is to make rural areas more a part of the national economy and society. Income differentials between rural and urban areas have been reduced, but the rural areas' vulnerability to changing macro and international conditions has increased. Because of the small scale of rural areas, however, most rural economies have remained specialized. As a consequence, the diversity of situation in rural areas has increased, complicating the formulating of public policies for rural development. Four classes 2/ of rural counties typify the diversity of rural conditions: farming dependent, manufacturing dependent, retirement, and persistent low income. Table 2 shows selected characteristics of each of these county types, and maps 1-4 show their location.

Farming Dependent Counties

Counties dependent on farming account for 29 percent of all nonmetro counties, but only 13 percent of the population. Half are in the North Central region, especially the Northern Great Plains. For decades, many of these counties lost population, leaving them sparsely settled with little urbanization. Nearly half of the farming dependent counties have no incorporated place of 2,500 or more people, and are not adjacent to a metro area. They are not, however, poor communities nor do they typically exhibit other conditions of underdevelopment such as low educational attainment.

1/Underscored numbers in parentheses indicate sources in References.

2/This classification is based on a more comprehensive scheme developed by Bender, et al. (4).

Any discussion of post-1980 economic forces affecting rural America must recognize the serious financial stress experienced by a significant component of U.S. agriculture. Some 10-12 percent of U.S. farm operators, who owe 37 percent of farm operator debt, were in serious financial difficulty in 1985, according to USDA. They had a debt/asset ratio greater than 40 percent and negative net cash flow. Many of these farmers are commercial-scale operators who are unlikely to be able to restructure their businesses successfully, and thus will be forced from farming. Given the geographical concentration of these farms in the Northern Great Plains and Western Corn Belt, many rural Midwest communities are experiencing farm-related development problems.

The adjustment problems may be very difficult for many farming dependent rural communities. The social and economic profile of farming dependent areas shows

Table 2--Selected characteristics of nonmetro counties 1/

Item	Unit	Farming dependent 2/	Manufacturing dependent 3/	Retirement 4/	Persistent low income	All nonmetro counties
Counties	Number	702	678	515	242	2,443
1980 population (average)	do.	11,932	35,974	27,486	15,174	25,613
Population change:						
1970-80	Percent	4.8	14.0	33.5	14.2	14.6
1960-70	do.	-6.6	4.6	10.9	-3.4	1.2
Adjacent to SMSA	do.	29.6	52.7	46.6	30.6	39.5
1979 income:	Dollars	7,264	6,855	6,626	4,914	6,980
Median family	do.	14,928	16,272	15,020	11,923	15,706
Farm	Percent	31.9	10.4	10.7	15.4	14.6
Services producing	do.	27.0	24.7	32.2	25.9	28.9
Social Security recipient	do.	19.7	17.9	20.2	18.8	18.5
Black population	do.	*	*	*	23.5	8.4

* Not available from table source.

1/ Metro delineation as of 1974; independent cities are combined with adjacent counties from which they were created.

2/ Farming accounted for 20 percent or more of total labor and proprietor income, 1979.

3/ Manufacturing contributed 30 percent or more of total labor and proprietor income, 1979.

4/ For 1970-80, net inmigration of people 60 and over in 1980 exceeded 15 percent.

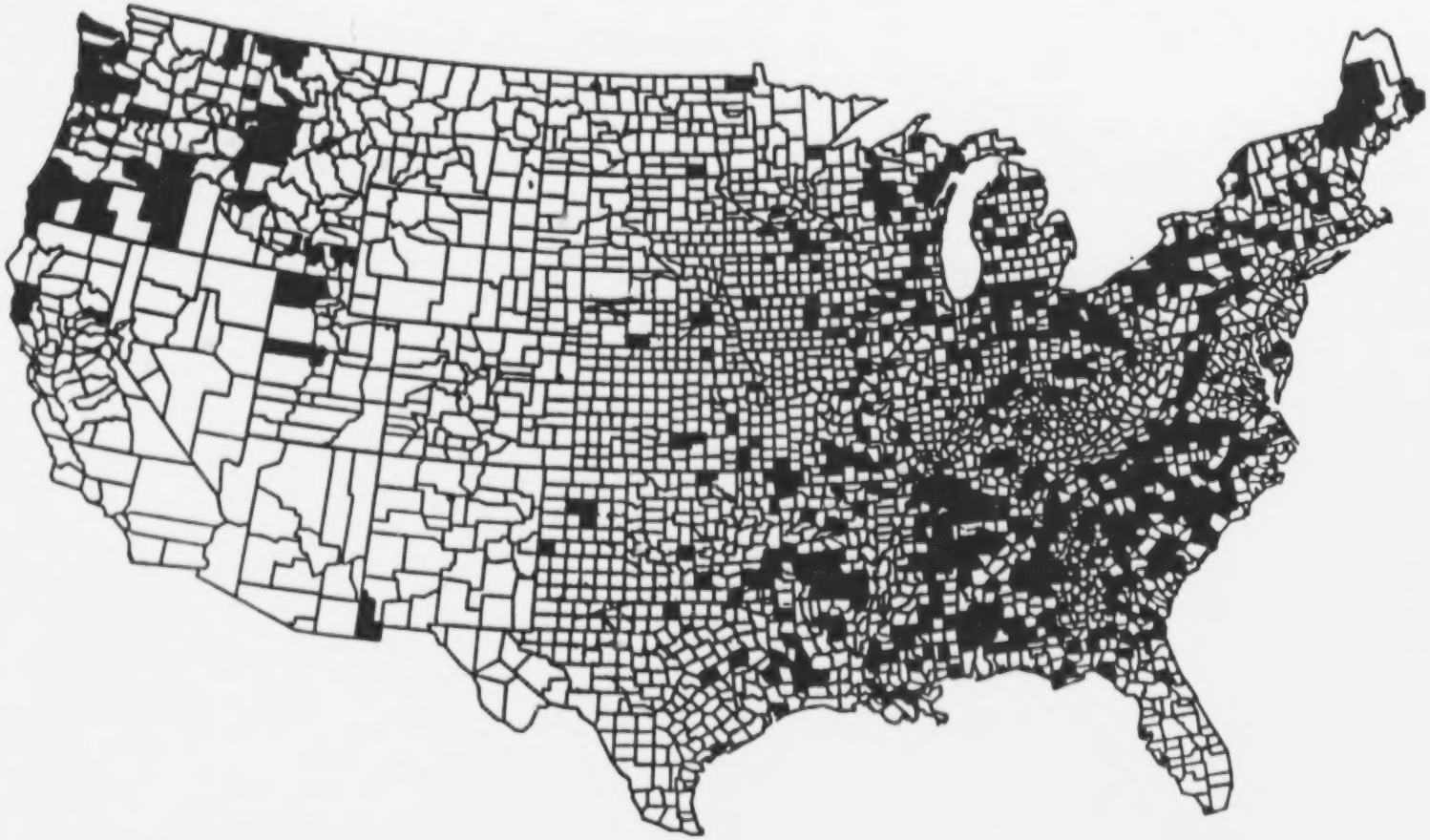
Source: Census of Population, Bureau of Economic Analysis.

Map 1-Farming dependent counties

702 farming dependent counties

20 percent or more of total labor and proprietor income was from production farming/ranching during 1975-79.

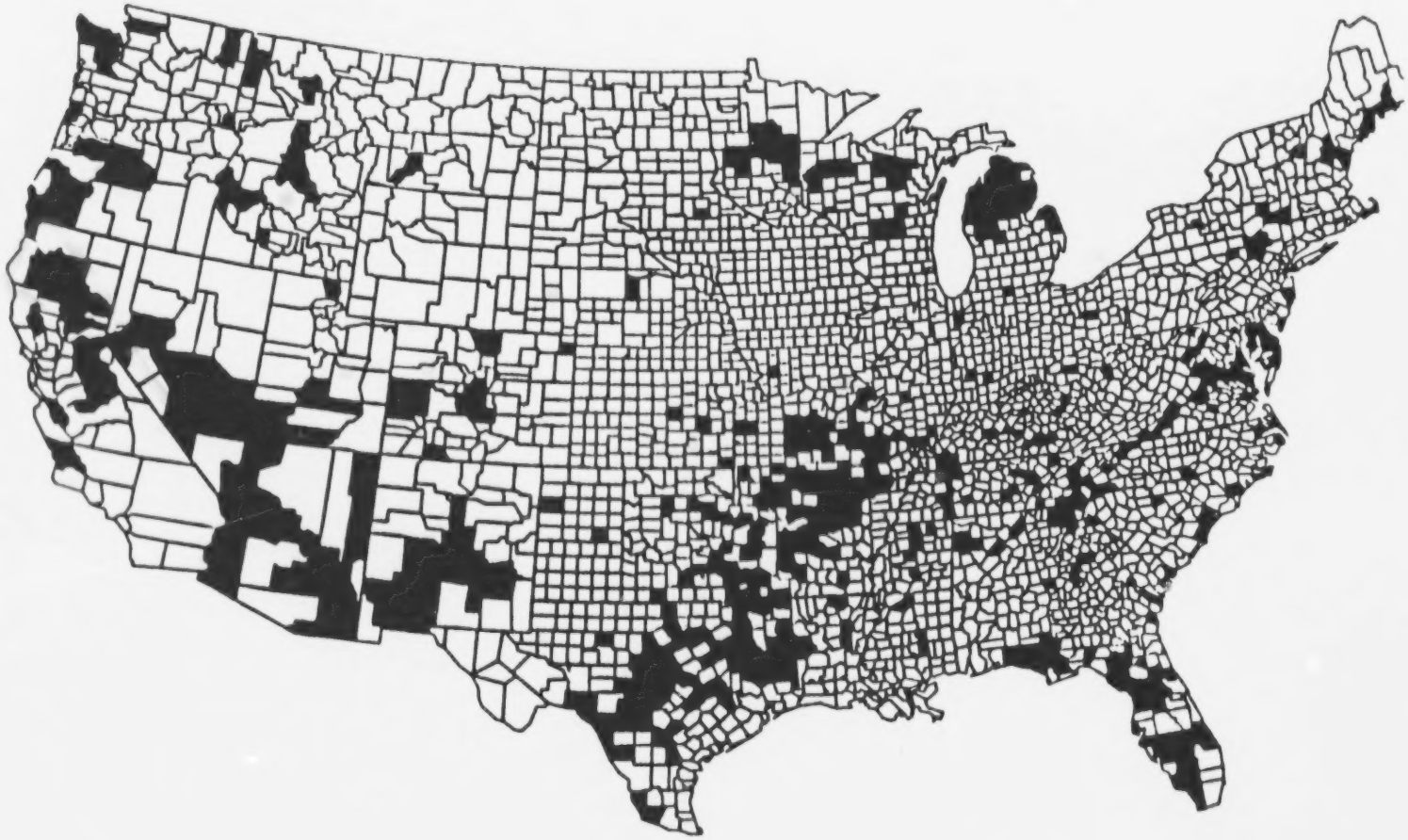
Map 2-Nonmetro manufacturing dependent counties



678 nonmetro manufacturing dependent counties

30 percent or more of labor and proprietor income from manufacturing in 1979.

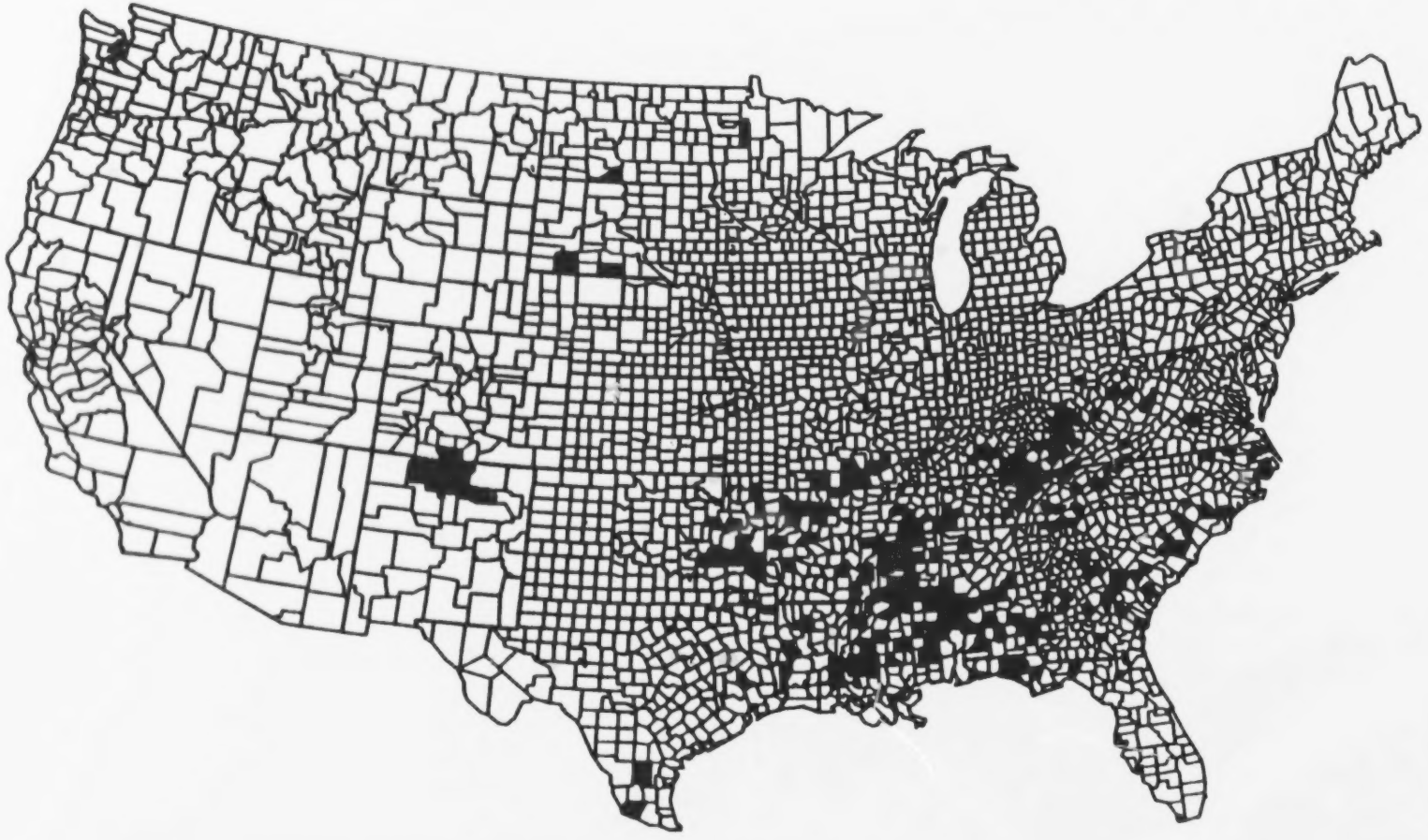
Map 3-Nonmetro retirement counties



515 nonmetro retirement counties

1970-80 net inmigration of people 60 and over in 1980 exceeds 15 percent.

Map 4-Nonmetro persistent low-income counties



242 nonmetro persistent low-income counties

Counties ranking in the lowest per capita income quintile in 1950, 1959, 1969, and 1979.

them to be relatively small in population, sparsely settled, remote from urban opportunities, and with little local economic activity not closely linked to farming. Because many of these counties are clustered together in States whose overall economies depend to a major extent on farming, households forced to leave farming may have to move (or commute) great distances to find alternative economic opportunities.

Manufacturing Dependent Counties

There are nearly as many nonmetro counties dependent on manufacturing as on agriculture. Because they are more populous than average, manufacturing dependent counties contain almost 40 percent of the nonmetro population. They too are regionally concentrated; nearly 60 percent are in the Southeast. The manufacturing counties grew relatively rapidly in the sixties and seventies. They tend to be urbanized and over half are adjacent to metro areas. The extent of specialization in manufacturing is striking in these counties. On average, 42 percent of all labor and proprietor income in these counties was derived from manufacturing in 1979.

Twenty-five years of structural change has left most of America's rural citizens dependent on economic opportunities outside of agriculture. During the sixties and seventies, rural areas competed successfully with urban areas in attracting and/or creating new job opportunities in manufacturing. In fact, the share of all U.S. manufacturing employment in nonmetro areas rose from 18 percent in 1967 to 22 percent in 1983. The structural transformation of rural America that this represents is significant; in the rural South particularly, the growth of manufacturing jobs made possible the rise from poverty of many rural households.

The U.S. goods-producing sector appears to be undergoing a significant structural realignment. In many areas, U.S. wages appear to have substantially outstripped productivity gains, leaving jobs vulnerable to foreign competition. These competitive problems have been recently aggravated by the high value of the dollar. Rural areas appear to be bearing a disproportionate share of the shorter term structural adjustments in manufacturing, and to be susceptible in the longer term to serious import competition.

In addition to the adjustment problems already discussed, the rural economy is sharing fundamental industrial restructuring with the rest of America. Service industries now employ many more rural workers than goods-producing industries, and most of the job growth in rural areas since the late sixties has been in the service sector. The trend is accelerating; since 1976, 40 percent of all new jobs created in rural areas have been in the service sector. Higher still is the percentage of wage and salary employment in services in metro areas (in 1983, 76 percent versus 68 percent for nonmetro areas). And, the gap seems to be widening.

Industrial restructuring poses serious challenges for rural areas. First, rural manufacturing employment is heavily concentrated in low-wage industries. Thus, rapid job losses in low-wage manufacturing are likely to have a disproportionately negative impact on rural areas. Second, individual rural areas do not tend to be economically diversified, although they exhibit a substantial industrial differentiation by region. This means that a geographically concentrated group of rural areas is experiencing structural employment problems at the same time. The situation is similar to the regional concentration of farm stress, but many more rural people are affected.

Retirement Counties

Retirement areas, defined as counties with a significant inmigration during 1970-80 of people aged 60 and over, are an important part of nonmetro America. Throughout the sixties and seventies, these counties grew at rates well above the nonmetro average. Transfer payments, principally Social Security, are an important source of income, averaging 25 percent higher as a proportion of total earnings in retirement counties than in all nonmetro areas. Retirement counties are not highly urbanized; less than half are adjacent to metro areas. Nevertheless, they are not sparsely settled, averaging 42 persons per square mile which is the nonmetro average. Fully three-fourths of their population reside in relatively highly populated open country areas.

Over the last two decades, the income levels of older people have been steadily improved and protected against inflation by more generous Social Security and pension systems and federally supported medical care. As a result, the older people's share of poverty in nonmetro areas declined by 5 percentage points between 1973 and 1983 even though the overall nonmetro poverty rate rose.

Most older people do not migrate. But, the direction of the movement that does take place is sufficiently toward smaller scale communities that it has become a major factor in nonmetropolitan growth. Estimates are that the nonmetro retirement counties had about 750,000 net inmovement of persons during the seventies who were 60 years old or more in 1980.

Growth of retirement counties was not limited to older people. Often the retirement counties are also resort and recreation areas that attract people of other ages. Since 1980, nearly 95 percent of the retirement counties have continued to have population growth.

Retirement areas presumably should have been least affected by the severe business recession of the early eighties because of their heavy dependence on pension incomes that are immune to the business cycle. Yet, these areas also showed a substantial slump in the rate of population growth, as did other nonmetropolitan counties since 1980. This raises questions about whether the strength of the attitudes and values that led many people to seek rural and smalltown living for quality-of-life reasons has begun to wane.

Persistent Low-Income Counties

Persistent low-income counties are concentrated in the Southeast; 92 percent are in Appalachia, the Ozark-Ouachita Plateau, and the Mississippi Delta (map 4). Others are scattered throughout the Southwest and the Northern Plains. Many of these counties are located where their populations contain a high percentage of racial minorities.

The persistent low-income counties have fewer people and are less urbanized than other nonmetro counties. Over 60 percent of them have no people living in communities of 2,500 population or more, compared with 35 percent of all nonmetro counties. An average of only 13 percent of their population lived in cities having 2,500 or more people in 1980, even less than the average of the specialized farming counties and a full 16 percentage points less than all nonmetro counties. Only two of these counties had urban populations of 20,000 or more people.

The income levels in persistent low-income counties do not seem to depend on the economic mix of activities there. Rather, the low incomes appear to be related to characteristics of the population that affect workforce participation and productivity. Nearly 15 percent of persons aged 16-64 reported a work-limiting disability in 1980. Only 42 percent of persistent low-income county residents aged 25 and over had completed high school in 1980. The proportion of households headed by females was 14 percent. Persistent low-income counties had high concentrations of blacks in 1980, an average of 23 percent of their populations, compared with 8 percent in all nonmetro counties. Furthermore, an average of 30 percent of the black persons in persistent low-income counties had incomes below poverty levels in 1980, compared with an average of 20 percent of blacks in all nonmetro counties. Finally, the average poverty rate among whites in these counties was 5 percentage points above comparable rates in all nonmetro counties.

The large proportion of people with characteristics that affect workforce participation and incomes is the single most notable feature of poverty counties. Not only do these counties contain large proportions of people who lack the personal skills and resources to improve their own economic condition, but these rural and often isolated counties are not likely to generate sufficient economic, community, and human resource levels to enable their disadvantaged people to overcome poverty conditions. Finally, people who have difficulty participating in productive economic activities because of some personal characteristic will find that migrating to other places may not improve their lot greatly.

Government Programs

Future rural policy will not be a totally new response to rural conditions. It will be framed by historical and political circumstances. The context for rural policy formulation includes previous programs and policies, interpretations of the success of previous efforts, past and likely participants in policy and program formulation, the arenas in which policy and programs are formed, and major rural issues past and present.

Federal Programs for Rural Development

Almost from its inception, the Federal Government has invested heavily in the development of the country's interior. It continues to promote development in rural areas through a variety of programs, though fewer today and less well funded than a decade ago.

The goals of rural programs are typically not defined with precision, but these programs seem intended to serve three broad and distinct purposes: increasing agricultural income, stimulating regional economic development, and enhancing the general quality of life in small, rural communities.

Agriculture Programs. The U.S. Department of Agriculture (USDA) administers an extensive set of programs for the agriculture sector. USDA, one of the largest Federal departments, supports agricultural research in land-grant universities and in its own laboratories; sponsors dissemination of research results by sharing the cost of Cooperative Extension Service technical assistance to farmers and others; protects the health of crops and livestock; promotes soil, water, and forest conservation; safeguards food purity and quality; cooperates with producers in administering domestic markets for some commodities; sells insurance for some crops; assists and lends money to agricultural cooperatives; gathers statistics on a variety of agricultural and farm subjects; and promotes foreign marketing of farm products.

Through the Farm Credit Administration and its subsidiary bank systems, the Federal Government also provides limited subsidy credit for a variety of agricultural and farming purposes. USDA's Farmers Home Administration (FmHA) provides more heavily subsidized credit for all farm purposes, usually to borrowers who cannot obtain credit at reasonable rates and terms elsewhere.

The Federal Government supports the prices of several commodities, in most cases through direct or indirect payments to producers on a per unit of production basis. USDA also administers programs to increase prices by stimulating effective domestic and foreign demand for agricultural commodities.

The direct purpose of these programs is to increase the income of agricultural producers. To the degree the well-being of the producers is linked with the economic health of communities where they reside, farm programs have broader community benefits as well.

Multi-State and Sub-State Regional Development Programs. The Federal Government has a long history of investing in railroads, canals, harbor improvements, roads and bridges, and later, dams and electrical generating facilities--what we now call infrastructure (5)--on the undeveloped and steadily receding American frontier.

In the midthirties what had been a frontier prescription of public works was applied to the entire Nation, and was applied in an especially concentrated form to one very distressed rural region, the Tennessee River valley. The Tennessee Valley Authority is a Federal program to combat rural poverty, agricultural distress, flooding, and soil erosion, and to stimulate economic development in parts of three States. The Federal Government invested national resources to build hydroelectric (and later nuclear) generating facilities which supply low-cost electric power for the region and produce large quantities of chemical fertilizers.

Congress created a second multi-State regional program in 1965. It was also to serve a very poor mountainous rural area. The Appalachian Regional Commission (ARC) is jointly appointed by the President and governors of 13 States at least partially included in the region. Its original mission was to plan for the overall economic development of the region and coordinate the delivery of national and State programs of assistance.

ARC has given highest priority to improving transportation, especially construction of highways, but it has also sought to improve education, employment training, local planning, and industrial recruitment, and to apply a variety of development techniques.

Federal funds were originally appropriated to ARC for distribution through various programs in the region's States according to ARC plans. The States, in turn, were to cooperate with each other and complement ARC's programs with their own activities.

Although ARC continues to operate, Federal financial support has diminished in the eighties. At the President's recommendation, Congress has virtually eliminated funding for all purposes except highways, and even highway aid is not much larger for ARC than for other parts of the country.

Multi-State regionalism is receding because it was neither politically nor administratively palatable. The regional approach is justifiable either to (1)

focus help on needy regions, or (2) serve as the primary mechanism for delivering help to all regions. But regionalism could not do either in the United States.

The special resources given to Appalachia became so politically tempting that Congress soon created several new regional commissions to capture similar aid for more States. These new commissions, comprising progressively less needy regions, covered large parts of the Nation. Thus, any redistributive feature of the regional approach was diluted.

Nor was serious consideration given to replacing the numerous categorical programs focusing on specific subjects or sectors: health, transportation, housing, agriculture, and so on. These programs and the departments that administered them had powerful clienteles which favored the older approach. Regional bodies were perceived by many as merely complicating the delivery of the older programs. With the exception of TVA and ARC, the regional commissions were abolished in 1982 and even the ARC, as already noted, was circumscribed.

The Federal Government has sponsored a second regional approach to development through the Economic Development Administration (EDA), created in the same year as the ARC. Its mission was also to assist in the economic development of distressed areas, but at a much smaller scale, a group of counties within a single State. The rationale for the creation of EDA centered on rural areas, though the authorizing legislation did not restrict help to rural areas alone.

To receive EDA help, counties and moderate-sized towns were required to form economic development districts. These special districts were to be reasonably scaled and to have enough in common economically so they could make realistic economic plans.

Because EDA was to help distressed places, distress had to be defined. EDA measured distress primarily by unemployment rates and the proportion of low-income families. Eligible districts have received several forms of assistance, as EDA programs varied over time. These included planning grants to districts and grants and loans to jurisdictions within the districts for construction of infrastructure, notably industrial parks to provide desirable locations for manufacturers. For private investors, EDA has had loan and loan guarantee programs.

Like ARC, EDA still operates, though on a smaller scale. Its evolution has other parallels to the Appalachian program. Distress criteria were gradually loosened so that most rural areas and even many urban places became eligible for assistance. Many of the sub-State districts traditionally supported by EDA programs have survived, but with altered missions. Emphasis has changed from planning to providing services to local governments.

<u>Assistance to Small Communities.</u> A third set of primarily rural programs operated by the Federal Government serves virtually any small community. These programs are neither sectoral nor regional. They can provide many kinds of help. Most are administered by the USDA's Farmers Home Administration. To many concerned with the subject, FmHA nonfarm programs are the rural development programs.

Legislation creating these programs included no test of distress. It assumed that all small places needed special help. The Rural Development Act of 1972 created most of FmHA's rural development programs. It authorized both loan and grant programs. The purposes of these programs included encouraging nonfarm business enterprises for farmers, helping communities provide public facilities,

supporting multijurisdictional planning, encouraging the construction of multiple-family housing, providing new and expanded water and sewer systems, helping communities create and operate local industrialization programs, and stimulating private business investment in rural areas by guaranteeing loans for private investors. In addition, a program of extension and research activities at newly created regional rural development centers was launched.

The Rural Development Act required each Federal department to give rural areas priority as sites for any new facilities and the position of Assistant Secretary of Agriculture for Rural Development was added to USDA's hierarchy. Later, this position was promoted to Under Secretary.

USDA's Rural Electrification Administration (REA), operating under much older legislation, makes subsidized loans to electrical and telephone cooperatives. Its programs were designed to deal with a problem of low population density. Commercial utilities declined to extend service to these areas because there were too few users per square mile to make service profitable.

The Cooperative Extension Service, a joint Federal, State, and local government enterprise, also helps rural communities with technical assistance for community and economic development, and in building community leadership. A community and rural development staff in Washington helps program leaders in several States carry out various levels of field activity.

When all Federal help to farm operators and rural communities is considered--agricultural, regional, that targeted to rural areas specifically, and the rural share of categorical programs available everywhere--the sum has been considerable, well in excess of $30 billion in 1982. Most has gone to agriculture.

Federal loan and spending programs specifically intended to stimulate development have helped rural communities provide subsidies for capital facilities for businesses, including industrial parks, utility improvements, leases of buildings on favorable terms, and many other measures. It also allowed State and local governments to administer remissions of some Federal taxes as an inducement to businesses, supported publicly provided employee training programs, and offered subsidized credit in many forms to businesses. Funding for these kinds of assistance programs, especially those administered by FmHA and REA, has been gradually reduced in recent years, though not to the extent of reductions for EDA and ARC.

Federal Encouragement of Planning. In addition to the three chiefly rural types of assistance programs, the Federal Government has encouraged until recently professional planning by local governments in rural and urban places, though urban governments are likely to have planning departments even without Federal encouragement. Many grant programs supported planning, and most assistance programs required a plan which larger governments could produce with existing staff, but which would require extra help for small jurisdictions.

The Office of Management and Budget (OMB), the President's principal executive branch coordinating tool, also sought to support local planning by requiring Federal departments to notify State and designated sub-State regional "clearinghouses" (usually a State agency, or below the State level, the appropriate planning district) of any intention to make a grant or take other major action in that State. The clearinghouses were to consider the proposed actions in light of the State's or district's plans and priorities. In practice, States or districts seldom objected to any form of assistance secured by communities

from the Federal Government. In 1982, the OMB directive was withdrawn; States now specify what, if any, clearing arrangements they prefer.

State and Local Rural Development

The development efforts of the 50 States and some 45,000 local communities are at least as important as Federal activities, but they are difficult to summarize. For one thing, the daily business of State and local governments includes providing many public services not clearly distinguishable from economic development programs. For another, no two States have identical programs.

Most States have created community affairs agencies or tourism and industrial recruitment bureaus (several have both) to help their communities, especially the small ones, increase their income and competitiveness in generating or attracting growth.

New York has created a special regional program analogous to the ARC for several of its least prosperous rural communities. It has also created a Legislative Commission on Rural Resources.

Several governors have created special study commissions to report on rural and agricultural problems. In the late seventies, nine governors also created State rural development councils. These councils included State officials, USDA agency officials in the State, and some private members. The councils were to coordinate State development activities with Federal programs, and in some cases, private investments. Such councils continue to function in about four States, and several other States have recently stepped up their rural and agricultural activities (8).

State leaders often conduct international trade and foreign investment programs to stimulate the sale of their State's products overseas or to attract foreign investors. About half of the States have designated enterprise zones based on the British model, and scores or perhaps hundreds of business incubators have been created in the last few years, some in almost every State. All Midwest States have also adopted at least token agriculture programs in response to the current farm crisis.

Many U.S. rural towns and counties carry on industrial recruitment programs, independently or through development districts.

States and local governments are always looking for new inducements to offer. States have even begun to experiment with risk capital funds and other forms of public-private ownership, something until recently taboo in the United States.

General community improvement campaigns, designed to make communities more attractive, are also common in rural areas, though more common in some regions than others.

Assessing Rural Development Programs

The effects of heavy Federal investments in promoting economic development in rural areas in the sixties and seventies is difficult to assess. Housing and rural public infrastructure improved dramatically while absolute Federal investments were at historic highs. But Federal loans and outlays for these purposes never approached the level of private and non-Federal government spending. Mounting expenditures for agricultural programs did not halt and, some argue, actually accelerated the contraction of that sector (11).

Precise measures of the impact of inducement programs have also proved difficult where they have been tried for two reasons. First, many inducements are marginal. The costs of other factors of production such as transportation, labor, and raw materials appear to outweigh the value of packages of concessions. Existing research suggests that normal business cycles and developments in the international economy have done much more to shape business decisions than government programs of any kind.

A second reason such concessions are so hard to assess is their very pervasiveness. Isolating their value is nearly impossible, because it is difficult to find control communities where no concessions were offered. Sophisticated regression analysis could shed some light on such questions, but the economic models usually raise as many questions as they resolve.

Without generally accepted evaluation studies, assessment of development incentives is largely intuitive. Communities, in adopting inducement measures, have followed fashions based on common sense. Abandoning business incentives, even though evidence of their value is limited, would be difficult even if it were considered. Competitors use them and the need of political leaders to do something is often pressing.

PARTICIPANTS AND ARENAS

Understanding the participants--their problems and interests, their own perceptions of those things, and their relative ability to place their concerns on the public agenda--is essential to comprehending the rural policy formulation process. It is important to understand these things about policymakers as well as interest groups. Almost equally important is a grasp of the arenas, both the formal institutions and political culture, in which policy is made.

The Major Participants In Policy Formulation

Policy on any important subject has both political and intellectual dimensions. It is made through a political process which ideally balances interests of groups with broader public purposes.

The nature and interests of the groups described in this section vary considerably. The term rural development is commonly regarded as embracing the goals of all these interests. But a review of the major interests and other actors shows that their goals are often inconsistent. They prefer different remedies for the shared problems of economic stagnation and poverty in rural areas. The Federal Government probably cannot continue to provide assistance to each group in the form it prefers because the domestic budget is contracting and likely to shrink further. A coherent policy, one that chooses among goals in the broader interest, is needed. Without such an approach, resources will continue to be misapplied, leaving the larger problems unaddressed, while benefiting disproportionately some groups.

National Level

Public and private interest groups, Members of Congress, the President, the Secretary of Agriculture, Under Secretary of Agriculture for Small Community and Rural Development, other members of the executive branch of the Federal Government, and the press each have roles in fixing the amount and kind of attention given rural issues.

Agricultural Interest Groups. By far the most influential groups in shaping agricultural and rural policy at the national level are representatives of the major agricultural commodity producers. Producers of meat, various grains, tobacco, cotton, milk, citrus fruits, sugar, oilseeds, and others participate actively in the political process and contribute heavily to political campaigns. They lobby intensively when farm legislation is under consideration. They may not prevail, but their interests certainly are always considered (6). They have the largest direct financial stake in farm policy and a substantial stake in a definition of rural policy that treats agriculture as a principal component.

Other organizations represent farming more broadly, as an occupation and way of life. These organizations usually have local, State, and national units. They include the National Farm Bureau Federation, the National Farmers Organization, the Farmers Union, the American Agricultural Movement, and the National Grange.

The Farm Bureau Federation, based in the Midwest, is the largest general membership organization. It speaks for farming, as a whole, as most Americans picture it. It tends to be moderate to conservative on the U.S. political spectrum.

Radical farm groups spring up from time to time, and then grow more conservative as they age. The Farmers Union, the National Farmers Organization, and most recently, the American Agricultural Movement have followed that path, although the viability of the latter organization is not certain since it has done little to build a permanent organizational structure.

Two organizations of young would-be farmers or mostly rural young people, the National 4-H Council and the Future Farmers of America, have large memberships, vigorous programs, and like most farm groups, enjoy considerable latent public support.

The Future Farmers and the Farm Bureau Federation, especially, take formal positions on the entire range of public policy questions and the latter has a very visible presence in national politics. The Farm Bureau is a significant participant in some of the broader farm and rural development questions, though when levels of support payments are under consideration it takes a back seat to the commodity organizations.

Nonfarm Interest Groups. There are several organizations and groups interested in nonfarm rural concerns. Most of the important ones have joined two umbrella organizations: the Rural Coalition and the Rural Governments Coalition. Rural policy and programs are not the primary concern of the members of either of these coalitions, but can have significant benefits for their clienteles. Both coalitions have a very heavy stake in an active Federal Government.

The Rural Coalition comprised about 50 member groups at its peak in 1980. Even then, member groups varied considerably in size, nature, and degree of interest and participation in the coalition's activities. Many are community action agencies serving individual localities. Others, like the United Automobile Workers Union, are larger, but less specifically interested in rural concerns.

Most members of the Rural Coalition are not large or powerful groups. They range politically from the left-center to the left on the U.S. political spectrum. None of the agricultural commodity groups or major farm organizations are members of the Rural Coalition. The Housing Assistance Council, Inc. (HAC) led the Rural Coalition in 1980 when it was at the peak of its influence. HAC is dedicated to

promoting improved housing for low-income people, especially in rural areas. The Rural Coalition atrophied between 1980 and 1983 when it received new life, partially from Ford Foundation grants. The membership organizations with a direct interest in the subject have continued to support its efforts, but some of the larger, less directly involved organizations have not assigned its work high priority.

The National Rural Electric Cooperatives Association (NRECA), though not technically a member of the Rural Coalition, worked closely with it in the late seventies and early eighties. It is a relatively powerful organization, at least, it has effectively defended the interests of electric cooperatives in the political process. NRECA continues to take an active interest in nonfarm rural development, consistent with its identification with increasing the use of electricity.

The Rural Governments Coalition is made up of organizations representing officials of towns and counties and staff members of the sub-State regional planning and development bodies. The governments represented by these organizations have been significant beneficiaries of national Government assistance programs, and they have a strong interest in the continuation of such programs. In the era of a considerably diminished national Government role, the Rural Governments Coalition, like the Rural Coalition, has grown less active on general rural issues, with members focusing instead on the specific programs of most importance to themselves.

The Congressional Rural Caucus. More than 150 of the 535 members of the Congress in both the House of Representatives (435 members) and the Senate (100 members) and from both political parties pool a portion of their staff allowances to maintain a small staff to work on rural issues. Called the Congressional Rural Caucus, this group was organized in the early seventies. Many Members and Senators with rural or partially rural constituencies belong to the Caucus. A few take a strong interest in its activities. Until 1985, when a new chairman was elected, the staff was concerned with tracking nonfarm, economic development issues, particularly monitoring the programs of the Farmers Home Administration.

The Caucus staff has been aggressive in pressing administrations of both parties to recommend additional funding for rural programs. Major rural initiatives in the Congress have been organized and supported through the Rural Caucus. More recently, its level of activity in nonfarm rural development issues has diminished significantly, and it is not a major force at present.

The Media. In its regular treatment of farm and rural issues, the U.S. press shows a level of understanding very close to that of the general public. For example, farming and rural are still usually treated as synonyms. The casual scanning of press and television coverage would leave the observer with the impression that rural areas are peopled by farmers and farm implement dealers. Little attention is paid to the diversity of rural economic pursuit, and even farmers are generally not differentiated by size of operation, commodity produced, or region. The image reenforced by the press is of farmers besieged by weather, corporations seeking to replace the family farm, foreign land purchasers, hostile national Government agencies and bankers seeking to foreclose on farms, commodity speculators whose machinations cleverly exploit farmers, and rigidly protectionist foreign governments blocking markets for U.S. products. The public is seldom reminded that many farmers gained most of their income from jobs off the farm, that the spouse and other family members contribute importantly to family incomes, and that Government payments provide significant income protection for many farmers.

The financial press tends to treat farming like other businesses and extends considerably less sympathy to the sector. Some local newspapers give farm and rural topics more balanced coverage. Television networks from time to time provide more sophisticated coverage, but their routine treatment of farm problems returns to comfortable and familiar themes.

State and Local Leadership

Generalizations about participants in rural development policymaking below the national level are more difficult to make. In many areas, developers, entrepreneurs who build houses, stores, or shopping malls on a speculative basis, are active champions of growth. Local chambers of commerce and business leaders may share enthusiasm for growth, although leaders sometimes oppose change. In some rural areas, community organizations representing the poor continue to work for improved public housing and seek to extend public services to historically underserved parts of communities. The threat of continued heavy population losses in some communities will probably increase local efforts to recruit new business by the traditional means of offering concessions.

In areas with natural amenities, such as picturesque mountains and lakes or sea coasts, population and commercial growth are not always valued so highly. In such places, the aesthetic costs of growth--sprawl, congestion, and environmental degradation--are easier to see and more economically harmful. The same is true on the fringes of growing metropolitan areas, and in portions of New England where further growth threatens to alter the lifestyles that have attracted many new residents.

But resistance to growth, even in the relatively rare cases where it has appeared, may diminish when economic circumstances become less favorable. That has happened in the Pacific Northwest where a depressed timber industry and farm problems have reduced residents' emphasis on maintaining traditional environment and low-density settlement.

Supporters of the status quo are important actors in framing development policy at the local level, albeit in a negative way. One such group is owners of real property who fear they will pay for development through increased property tax rates without receiving equivalent benefits. Farmers who have little interest in selling their land and who fear nuisance restrictions on its use often fall into this category. The elderly, especially those wishing to maintain their current style of life or who have specific plans for the disposition of their property, may feel they have little to gain from economic growth.

State and Federal courts have also been significant influences in local development, sometimes creating and sometimes removing obstacles to growth. By rigidly enforcing environmental impact assessment requirements which inherently retard change, they often help block development. On the other hand, courts have voided many planning and growth-limiting local measures on grounds that they exceed the powers of local government. The courts have been especially stern when there is evidence that communities seek to prevent change in their racial or income composition through antigrowth measures.

Arenas for Policy Formulation

The institutions where policy decisions are made, whether defined broadly at the local level or very formally as at the State and national levels, shape the kinds of policies which can be adopted.

The Local Community Arena

Describing where and how policy is made in small U.S. communities requires caution because of wide variations in community social structures and leadership patterns. But, it is possible to generalize a little about the social and political culture of small communities in the United States.

Two reasonable generalizations are that there are fairly distinct, regional styles of community decisionmaking, and that small communities are reluctant innovators, responding mainly to problems that cannot be avoided.

In some regions, communities respond through formal institutions of government and with considerable public involvement. Such communities often have a tradition of action through voluntary associations. The result is that many people in these communities consider it their duty to involve themselves in problem solving. When faced with an economic crisis, such communities give the appearance, at least, of accepting a common definition of the problem and a proposed solution. Communities on the Pacific coast, the Upper Midwest, and to some degree, the Middle Atlantic region and New England pride themselves on this style of community policymaking.

Community decisionmaking in the South, Southwest, and large parts of the East and Midwest follows another pattern. Formal institutions of local government are not the exclusive arena for policymaking. Governing bodies may ratify decisions made by unofficial local leaders who are the real decisionmakers, but not the spokesmen, for their communities. Public involvement is not as great in such communities, and formal processes such as public meetings, hearings, and voluntary group activities are less significant. Sometimes, they are viewed with skepticism.

The State Policymaking Arena

Policymaking is necessarily formal at the State level. Most significant actions require approval by State legislatures. However, in most States, legislatures generally react to gubernatorial leadership. Seldom do they mount independent initiatives.

Governors may play a broader role. In addition to recommending rural programs or policies to the legislature, governors are able to get public attention for issues that interest them. They can announce an agenda for action or proclaim a policy. As already noted, some governors have taken visible independent actions on rural development, creating commissions and councils, for example.

National Arenas

At the national level, there are two overlapping, but highly competitive, loci of policy formulation. Presidents and their administrations share power with the Congress. These two branches may cooperate, but they are also able, to some degree, to carry out independent policies.

Executive Branch. The President and his administration (roughly speaking, 2,000 political appointees) have a large independent sphere in which to operate. An administration controls the operation of the executive branch with its roughly 2.8 million civilian employees and can capture the national attention on subjects of the President's choice.

Aggressive and popular Presidents can also exert substantial control on the congressional agenda. Presidential recommendations on legislation and budgeting are usually treated with some respect by Congress, even if seldom accepted intact.

Congress. Congress also has wide latitude. It not only considers the President's recommendations and chooses whether or not to act on them, but it sometimes initiates important legislation, departing dramatically from Presidentially proposed programs. With its own bureaucracy of more than 40,000 staff members and experts, Congress is armed to challenge Presidential leadership. In practice, it also exercises significant power over the day-to-day operation of the executive branch. Its detailed budgets, oversight hearings, and the Senate's power to approve the President's choices for many high-level positions give it such power.

The nearly sacred jurisdictions of congressional committees shape both this arena and national policy. In both houses of Congress, the explicitly defined rural development programs fall within the jurisdiction of the agriculture committees. Members of these committees, especially members of the rural development subcommittees in each house, are expected to lead consideration of rural programs and policies in their respective houses.

Other programs important to rural areas, such as highways, health, and those operated by the Economic Development Administration, fall under the jurisdictions of other committees. This makes any coordination in the congressional policy arena very difficult.

Overlapping Arenas. In addition to administering most rural development programs, USDA participates in both the legislative and executive policy arenas. The Secretary of Agriculture is officially the executive branch's spokesman and leader on rural development. But that responsibility was assigned by a Congress typically more interested in the subject than Presidents have been. The Under Secretary for Small Community and Rural Development, who can give high-level attention to rural development on a full-time basis, is likely to spend much more time dealing with congressional committees than with top officials of the administration. In practice, attention to rural development issues within the executive branch and USDA is partially a product of congressional interest and varying degrees of responsiveness to congressional initiatives.

RECENT DEVELOPMENTS

Several developments taking place in the eighties will have important repercussions for policy formulation. Among these are profound changes in U.S. federalism, a de facto decentralization resulting from diminishing grants-in-aid and a reduced Federal Government role in managing the economy, changing Federal rural policies, and the continued internationalization of the rural economy.

Decentralization and Diminished Interventionism

The Federal Government is withdrawing financial support from many local government activities it originally urged or required, and which it has long financed. Some such programs will vanish as the result of Federal withdrawal, but others will persist with State and local financing. The surviving programs will undoubtedly change, reflecting the Federal Government's diminished leverage.

Two other changes in the political environment are closely related to decentralization. Resources in the public sector as a whole are diminishing, at least relatively, and faith in market solutions to economic problems rather than government intervention seems to be growing.

Features of the Federal tax system which automatically increased revenues at a rate more rapid than the rate of growth of the economy have been repealed. They have been replaced, in effect, with opposite features automatically reducing spending on many programs when Federal budget deficits exceed certain benchmarks.

With the exception of income transfers for older people and standard of living floors for the poor, Federal funding for domestic programs is eroding, though how far this process will continue is not clear. The 1986 tax revision was designed, in part, to further reduce the Federal Government's role in managing the economy. Many provisions of the old law which sought to manipulate individual and business behavior through tax incentives have been removed.

Market solutions and entrepreneurship are now treated as intellectually respectable concepts by a larger segment of the political spectrum than at any time in the last 50 years.

Formal Policies and Strategies

Several official pronouncements on rural development were issued by the White House and the Department of Agriculture in the form of policies or strategies between December 1979 and June 1985. What these statements say, and what they do not, suggest how the two most recent administrations have perceived rural development and what action they were prepared to take (9).

Carter Policy

While the Rural Development Act of 1972 authorized major programs and fixed responsibility for rural development in USDA, the small community and rural development policy announced by the White House late in 1979 was the first formal effort to articulate a policy and to clarify goals.

The Carter policy (7) requested no new legislation from Congress nor recommended shifts in budget priorities among the existing rural development programs. Rather, it sought to supply a rationale for the central government's efforts, and promised to make those efforts more effective by improving administration. It specifically promised to improve coordination within the Federal Government, and between the Federal Government and local jurisdictions. Among the major principles, it announced commitment to helping the disadvantaged, and responsiveness to the priorities of local jurisdictions.

A flurry of activity within the executive branch followed the announcement of the Carter policy. But, there were few observable changes in the way the Federal Government delivered its help to local jurisdictions. Just as the new rural policy was announced, the fiscal stringency which has so far characterized the decade of the eighties took hold (9).

Rural Development Policy Act

A Rural Development Policy Act, passed by Congress in 1980, requires each administration to produce a rural development strategy similar in format to the Carter policy. It also applies some pressure to Presidents by requiring annual

updates of their strategy containing a compilation of the budget recommendations for rural development programs and a detailed account of accomplishments under the strategy.

Reagan Strategies

In 1983, the Reagan administration sent the Congress the first strategy, Better Country: A Rural Development Strategy for the 1980's (1). It disappointed sponsors of the policy act and others who visualized an active role for the Federal Government; the Reagan strategy and updates have followed a different line. In keeping with the administration's overall approach to economic questions, its policy expressed confidence in the private sector's ability to create the tax base, jobs, and income necessary to solve the problems of rural areas.

The President's budget called for reductions in Federal loan and spending programs for rural development, as for most other domestic programs. The Reagan strategy did not especially emphasize cooperative efforts between the Federal and the State and local governments. On the contrary, reflecting the doctrine of dual federalism, the administration's basic view is that the well-being of rural communities is chiefly a State government question, not one in which the Federal Government has much legitimate role.

State-Level Policies

State governments have begun to recognize the special problems of their rural areas in the ways already described. Very recently, some have taken steps to create formal policies and systematic strategies of their own. They are grappling with how agriculture fits in rural development and the importance of dealing with the contraction of that sector. A careful examination and analysis of State policies and strategies will soon be warranted.

Impact of Changes in the International Economy

Rural areas, once regarded as the part of the Nation most remote from even national economic trends, now seem to be at least as exposed to international developments as the rest of the Nation. Sectoral problems in the major rural regions now experiencing economic distress all appear to be associated with international trends.

Energy

The rapid fall in fuel prices stemming from the collapse of the Organization of Petroleum Exporting Countries cartel has caused serious problems for U.S. energy producers, who are concentrated in rural areas. Many new U.S. energy enterprises became feasible as the result of the high prices established by the cartel. Energy production boomed in the late seventies and early eighties. Prosperity associated with the boom was especially prevalent in rural regions of the West and Southwest, and in mountainous mining areas in several parts of the country. The collapse of fuel prices has produced a significant portion of the current rural regional distress.

Export of Agricultural Commodities

New developments in foreign food and fiber production have also been detrimental to portions of the U.S. agricultural sector. Improved worldwide food production

and distribution capability, along with protectionist policies in some parts of the world, and, until recently, the overvalued dollar, have greatly reduced U.S. exports by enabling many countries to satisfy local demand and increase their ability to compete in world markets. Weak demand for U.S. commodities has depressed prices, resulting in serious economic problems in many American rural regions closely linked to agriculture.

Rural Manufacturing

As the result of both the overvalued U.S. dollar of the early eighties and longer term trends, foreign suppliers have captured larger shares of the traditional markets of manufacturers based in the rural southeastern portion of the United States. That region, historically one of the poorest, had gained jobs rapidly in the seventies, largely through the growth of goods-producing firms. It is doubtful that many textile producers and other manufacturers in that region will regain their former market shares.

INFORMATION FOR RURAL POLICYMAKING

Information is important for policy development even though policymaking is much more complex than merely gathering facts and drawing logical conclusions. Information comes from many sources and takes many forms. Facts are important, but so are perceptions, preferences, and understanding of the various consequences of actions for participants who are differently situated. Certain obstacles reduce the use that can be made of information in policymaking by making it more difficult to acquire or interpret; on the other hand, information that could be used is sometimes ignored.

Sources of Information

No program exists for developing and providing rural policymaking information that attempts to deal comprehensively and in a coordinated manner with all information suppliers and consumers. Rather, there are a number of providers of information about rural policy issues. It is useful to distinguish between the needs for and uses of rural policymaking information at the national level, and regional and local levels.

National Level

At the national level, the greatest need is to understand the principal trends affecting the rural society and economy and the national policy implications of these trends. This requires data sufficiently disaggregated to permit separate analyses of rural and urban issues. It is helpful when they also make possible regional differentiation of trends. National officials usually do not require detailed data for individual local areas. Furthermore, the difficulty of building consistent national data sets by combining localized information sources means that these information needs must usually be met by national data collections. The principal data base on rural economic and social conditions consists of statistical data produced by Federal agencies.

The Bureau of the Census, U.S. Department of Commerce, conducts the decennial census of population and numerous economic censuses (of agriculture, business, governments, and transportation, for example) which are released in both published and computerized forms.

The Bureau of Economic Analysis, U.S. Department of Commerce, produces data for small local areas using statistics from other sources on economic activity in individual sectors.

The Bureau of Labor Statistics, U.S. Department of Labor, releases data on the labor force, employment, and unemployment, also in published and computer readable forms.

The National Agricultural Statistics Service, U.S. Department of Agriculture, collects and publishes data on land uses and crop production levels by commodity and geographic area.

Much of the statistical analyses conducted in other government agencies and by nongovernmental institutions relies on one or more of these data sources.

The research base regarding rural policy issues is also concentrated in the U.S. Government, primarily in USDA's Economic Research Service (ERS). ERS focuses on rural economic and social conditions, natural resource conditions and use, U.S. agricultural production, and world trade in food and fiber products. ERS is the single largest supplier of research-based knowledge about these issues.

The U.S. Government has no monopoly on rural policy-oriented research, however. The 73 land-grant universities each support a few agricultural economists and rural sociologists who make an important contribution to the Nation's stock of knowledge about rural conditions. In addition, private research organizations such as Resources for the Future and the Urban Institute, though few in number and small in size, occasionally make notable additions to national understanding of these issues. The same is true for congressional research organizations such as the General Accounting Office and the Congressional Budget Office. Finally, private consulting firms abound to provide policy advice, principally on matters relating to agricultural policy.

The national media--radio, television, newspapers, and magazines--are important forces in shaping public perceptions about many policy issues. In doing so, they play a major role in defining the content and affecting the timing of public policy debates. The national media are consumers of information which they subsequently disseminate, and they often play a minor role in the actual generation of that information. The media have not advanced the state of knowledge, for the most part, for rural policy discussions, as already noted. Rather, they are inclined to portray rural issues in increasingly erroneous stereotypes.

In addition to the numerous groups organized around narrowly defined economic self-interest discussed earlier, the several public interest groups referred to previously tend to take a broader position on rural issues. These organizations normally represent State and local governments with a financial stake in national rural policy, such as multicounty regional planning and development organizations, counties, towns and townships, and rural electric cooperatives. They play an important role by disseminating information developed elsewhere. But, they also make a useful contribution to national debates on rural issues by representing the particular needs and policy perspectives of their member organizations.

Regional and Local Levels

At subnational levels, greater emphasis is placed on area-specific information. Individual governments need information to plan specific projects or anticipate

the effects of general trends. This requires data about specific locales, rather than general knowledge about broader trends within the Nation. This specialization of needs means that localities can draw upon unique information sources. Individual State and local governments have shown themselves to be very resourceful in obtaining information from a variety of sources, public and private. But several sources of information have special importance for State and local governments: universities, multicounty regional planning bodies, and State governments themselves.

The land-grant universities were created with Federal support--from the sale of public lands--in the mid- to late 19th century to further "agricultural and home economics sciences and the quality of rural life...." These universities are also important contributors of information on rural conditions and trends and education programs on resolution of needs. Each State has one or more such universities, whose various departments supply analyses of rural conditions and provide technical advice to their State and local governments. In addition, there are four rural development centers that support multi-State local government programs. While the land-grant system also provides some statistical data, that is not its primary function. On the whole, these universities are not major collectors of data.

There are approximately 750 regional planning agencies serving several counties each. They were formed in the sixties and seventies to provide technical and planning assistance to local governments within their jurisdictions. They produce little data themselves, but are important users of existing statistics in giving planning help to localities. While in the aggregate these organizations are important to the knowledge transfer system, their performance varies greatly, depending on local differences in political culture and the mix of Federal Government-mandated functions they perform (transportation planning, for example).

State governments, whose responsibilities in the intergovernmental system extend to regulating local government powers and providing capacity-building assistance, have become increasingly conscious of the need for special attention to rural issues. Several States have recently established rural policy or planning commissions for advice on rural development issues. Others have created special programs to address the current financial problem in agriculture. Still, many States appear to confuse farm and rural issues, taking a narrow view of their responsibilities by attempting to substitute agricultural programs for more balanced rural development strategies.

Uses of Information

While the range and quality of information about rural areas is impressive, several obstacles inhibit its most effective use.

The high cost of collecting statistical data prohibits the development of rural data series as complete as those available for urban areas. As a result, important information gaps exist.

Analysts disagree as to the appropriate interpretations to place on observed statistical trends. The existence of numerous researchers and statistical models produces a diversity of opinions and interpretations.

Competition among ideas is healthy in the longer term. In the short term, it is perceived by policymakers, not as healthy debate, but as confusion, and it often becomes an excuse for indecision and inaction.

Numerous barriers inhibit the flow of knowledge about rural conditions from knowledge generators to knowledge consumers. These include the lack of common communications media, differences in ability or willingness to understand technical or scientific jargon, differences in ability or willingness of rural development experts to eschew technical or scientific jargon when attempting to communicate with broader audiences, and the tendency for policymakers to be uncomfortable about basing their decisions on data as compared with their own beliefs and opinions.

The pluralistic nature of the political system means that policy and program decisions are frequently made not just on the basis of factual evidence and a careful comparison of alternatives, but on the basis of interest group power and need to accommodate important interests.

As a result, the existing array of knowledge and data is not used as effectively as it might be. It is possible to detect some movement toward increased rationality in policymaking in the sense that programs and policies make increasing use of this information. But, progress is often painfully slow. Pluralism in the political system means that the efforts of individual groups to maximize their individual advantages come at the expense of the greater but less salient public interest. In the context of the current budgetary shortages, however, there is a gradual erosion of tolerance for paying for such advantages, and some progress in eliminating them is evident.

POLICY COORDINATION AND INTEGRATION

Policy coordination can occur on two dimensions: horizontal and vertical. The horizontal dimension refers to the integration (or lack of integration) among policies and programs undertaken by the different departments of a single level of government. The vertical dimension refers to relations between departments of different levels of government. Mechanisms of rural policy coordination on both dimensions are understood best in light of a political culture that treats coordination ambiguously. The current administration values the limits of power imposed by the U.S. Federal system more highly than coordination, with its potential for blurring the distinct roles of the Federal and State governments.

Horizontal Coordination

The existing coordination within the Federal Government among policies and programs affecting rural development is generally due more to chance than to intentions. Official responsibility for rural development programs is principally lodged with USDA. As already noted, USDA operates (or has until recently) programs for rural housing; business financing; construction of water, waste treatment, and other public facilities; and planning help for rural local governments.

However, many programs (and most of the funds for rural development) are operated by other Federal departments. These include business development programs of the Department of Commerce and the Small Business Administration; transportation programs in the Department of Transportation; infrastructure construction assistance from the Department of Commerce, the Department of Housing and Urban Development, and the Environmental Protection Agency; education programs of the Department of Education; and health and welfare programs in the Department of Health and Human Services.

The structure and customs of the American governmental system place greater emphasis on competition than on coordination. The system of checks and balances written into the Constitution to prevent one branch of government, such as the Presidency, from gaining the upper hand in policymaking encourages a fragmented decisionmaking process. This is compounded by the decentralization of decisionmaking within the Congress, which is organized into committees and subcommittees that have nearly exclusive responsibility for those policies that fall within their respective spheres of authority.

The tendency is, thus, for policies to be made by small groups--iron triangles--comprising congressional committee members, interest groups that are affected and well organized to participate in the political process, and the executive branch officials in the relevant agencies. The likelihood that policies made in one of these subgovernments will be in any way coordinated with those made in another is limited. On the contrary, the implicit theory of this approach is that public policy is the sum of all such arrangements, not a single balanced scheme.

Some have argued that this pluralistic approach is necessary in the United States because of the size and diversity of the country. Others ascribe it to pragmatism and a distrust of any unifying theory that would suggest priorities. Still others believe there is a lack of will in the political system to make difficult choices. Abundant resources and limited expectations of government have often allowed the U.S. political system to escape making such choices.

For whatever reason, the pluralistic approach has produced many programs affecting the development of rural areas that duplicate and overlap each other. Perceiving that overlap, many have called for coordination.

Two formal mechanisms for rural development policy coordination exist within the Federal Government. One is the Office of Management and Budget (OMB) which performs overall management and budgetary controls on behalf of the President. While the OMB has continually had a rural development analyst, OMB's staff is too small to provide significant coordination of policies among the departments. As a result, OMB usually concentrates on providing advice to the President on major decisions, such as overall levels of funding, and is unable to play a meaningful role in specific decisions affecting individual programs or activities that the departments may undertake. From time to time, the White House has also had a special assistant to work on rural affairs, but this function has not been performed regularly. Those who have filled the role have been required to spend much of their time on more visible agricultural policy issues. As a result, it has not been a consistent focus for rural policy coordination.

The second mechanism is the rural policy coordination process mandated by the Rural Policy Act of 1980. The act gave the Under Secretary for Small Community and Rural Development within the Department of Agriculture the responsibility to coordinate programs among Federal departments and prepare an annual rural development strategy. These duties were performed by an Office of Rural Development Policy until 1985, when it was abolished by Congress. While the office was able to play a significant role in assembling information about rural conditions, its coordination role was passive. Reports it prepared listed what each Federal department was planning to do, rather than outlining an overall plan into which these agencies were expected to fit. This practice was a realistic response to the difficulties of bringing real coordination to essentially independent Federal departments. It also reflected the <u>laissez-faire</u> political philosophy that now generally guides Federal policy.

Similar circumstances regarding horizontal coordination exist in State and local governments as well. Most of these governments are patterned in structure after the Federal Government, and institutional rigidities arising from that structure are often replicated at these levels of government. The coordination problem may be compounded at the local level by the fact that many rural development activities are in the hands of nongovernmental groups or are divided among local governments with separated responsibilities for overlapping geographic areas. In most localities, no recognized point for coordination exists. Thus, where coordination occurs at all, it is a product of individual local initiative rather than governmental structure.

Vertical Coordination

The American intergovernmental system is, in effect, a system of separated institutions sharing powers. While for the most part legally distinct from one another, with well-defined spheres of action, the Federal, State, and local levels of government nonetheless share responsibility for rural development policies and programs. The Federal Government historically has taken the lead in rural development in recent years. However, State and local governments have long been concerned with the economic and social development of their jurisdictions and have operated programs to promote such development.

Mechanisms for harmonizing policies between the levels of government are limited in number and effectiveness. Few formal mechanisms exist. The Constitution provides for a formal separation of powers between Federal and State governments that, while somewhat fluid and subject to debate, nonetheless prevents the Federal Government from dictating broad policies to the States. Nor are the functions performed by informal mechanisms. The United States lacks a disciplined system of party government capable of enforcing consistent policy positions among its members.

One federally funded institution, the Advisory Commission on Intergovernmental Relations, which includes representatives of Federal, State, and local governments, studies intergovernmental issues, publishes research, and makes recommendations to all levels of government to encourage smoother operation of the Federal system. Its recommendations are, as its name implies, purely advisory. It is sometimes regarded as an intellectual spokesman for State and local governments in Washington, but it has no administrative power.

To the extent that policy consistency exists between the levels of governments, it has been obtained in one of two ways. The first is imitation of exemplary programs from one State to another (a number of institutions such as the Council of State Governments exist to promote the sharing of State government innovations). The second is mandates as a condition for receiving Federal grants-in-aid. The mandating approach has been an important feature of the intergovernmental system during the last two decades. During this time, the number of grant programs for such purposes as transportation, infrastructure construction, or business development grew from a few dozen to several hundred.

Most programs required, as a condition of the aid, that a number of specific steps and procedures be followed by the receiving government. In effect, this permitted the Federal Government to modify behavior of State and local governments in ways it would otherwise lack the authority to accomplish. While these mandates have had important effects in some policy areas (in enforcing civil rights protection, for example) the fact that they have been developed in

the atomistic environment that characterizes the Federal policymaking establishment means that they more often serve the purposes of individual departments than overall rural development goals.

Other than the creation of USDA's Office of Rural Development Policy, most Federal Government attempts at policy coordination have focused on the State and local levels.

Since the sixties, the several agencies of USDA which administer programs in rural counties have been required to form State-level rural development committees. The USDA official heading the State operation of each agency was automatically a member of the committee, and from time to time committees were encouraged to experiment with having local government officials serve as well. Designed to encourage coordinated application of USDA programs for rural communities and to increase the awareness of USDA employees of larger development issues, the committees, in practice, have found little to discuss in most States. In 1982, they were downgraded from separate committee status to being, in effect, subcommittees of a single, multipurpose USDA coordinating council in each State.

Until the early eighties, many areas of the country were included in the large, ad hoc multi-State development regions described above. They provided assistance programs that duplicated many of the programs operated by the Federal departments. The intent of these development commissions was to coordinate on a regional basis what could not be coordinated nationally. In the end, as already noted, the benefits of coordination were judged not to outweigh their costs. Except for the Appalachian Regional Commission and the Tennessee Valley Authority, these commissions were abolished.

During the past decade and a half, many Federal agencies operated planning grant programs to help local areas make effective use of grants for such purposes as community and economic development, law enforcement, and environmental protection. For the most part, these planning grants were given to quasigovernmental district agencies that served areas including several counties each. These multicounty districts had little or no formal control over the local governments they served, however, and spent most of their time helping individual local governments apply for more Federal grants.

In the early eighties, most planning grant programs were eliminated as an economy measure. While most of the multicounty districts continue to operate, they now rely on contributions from member local governments, which has made them providers of technical assistance to those governments. The little coordination they now provide occurs due to information sharing and example, rather than guidance.

Current Policy Regarding Coordination

Coordination among Federal departments and different levels of government is difficult to accomplish, even for those who value it highly. It does not stand high on the present list of administration priorities. Three factors--a political philosophy that strives for growth through the free operation of private markets, serious Federal budgetary shortages, and the conviction that competition among public agencies and programs is more desirable than coordination--all suggest that little expansion of coordination activities is soon likely.

Except for maintaining high levels of farm income, underwriting major highway improvements and maintenance, and some limited concerns for environmental

protection, the Federal Government's current rural development priorities are to encourage untargeted, market-directed economic growth. This preference for development through private initiative, with neither governmental encouragement nor interference, translates into a policy of reducing the number and size of public programs for rural development and strengthening the Nation's economy as a whole. The growth of the entire economy, it is presumed, will be shared fully by rural areas. While the Federal Government continues to make grants-in-aid to State and local governments, its severe budgetary problems have led to major reductions in available funds and many programs have been eliminated altogether. Grants for rural development have suffered disproportionately. The programs that remain are increasingly block grant programs that place only limited restrictions on the use of funds. The reduction in federally set program requirements and the elimination of programs supporting multicounty planning and coordination are consistent with the reigning belief that, in government as in private markets, competition of institutions and approaches is a healthy source of innovations and alternatives that coordination only serves to frustrate.

At the same time as the Federal Government's desire to regulate the affairs of State and local governments has diminished, it seeks and accepts from these governments little advice regarding the operation of its own programs. With the exception of informal and voluntary communications between levels of government and among departments at any particular level, rural development policy harmonization activities are few in number. Both the ruling approach to governing and the historical aversion of the American system to coordinated policymaking generally make it unlikely that this situation will change significantly.

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